

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF

FROM: KRISTINE SASSER
DEPUTY ATTORNEY GENERAL

DATE: DECEMBER 29, 2011

SUBJECT: IDAHO POWER'S APPLICATION TO MODIFY ITS RULE H (LINE EXTENSION) TARIFF RELATED TO THE GENERAL OVERHEAD RATE, CASE NO. IPC-E-11-24

On November 18, 2011, Idaho Power Company filed an Application with the Commission seeking authority to modify the general overhead rate it charges in the Company's Rule H tariff relating to new service attachments and distribution line installations and alterations. The Company requests that the Application be processed by Modified Procedure and that the proposed changes become effective on March 15, 2012.

THE APPLICATION

The Company proposes to remove the 1.5% limitation for recovery of general overhead costs in the "Work Order Cost" definition of Rule H in an effort to shift more of the cost burden for new service attachments and distribution line installations or alterations from general ratepayers to customers requesting construction for these services. Application at 3. The Company states that, by removing the 1.5% limitation for recovery of general overhead costs and allowing the Company to recover the full construction overheads under Rule H, the Company will receive larger contributions in aid of construction (CIAC) to offset the costs of providing these construction services. The Company maintains that this will ultimately reduce the revenue requirement for general ratepayers and reduce additional upward pressure on rates. *Id.*

Specifically, the Company is proposing to recover all actual general overhead costs related to construction under Rule H from the party requesting the construction service. Idaho Power proposes to update this general overhead rate each time accounting adjustments (increases or decreases) are made to balance the Company's general overhead account. These updates

would be automatically reflected in the Company's work order processing and accounting systems. In addition, the Company proposes to file its effective general overhead rates in all future annual Rule H updates of charges and credits to allow the Commission the opportunity to scrutinize the effective rate charged on Rule H work orders.

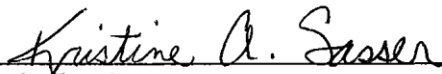
The Company requests that the removal of the general overhead cap be approved by March 1, 2012, and become effective on March 15, 2012, to coincide with the effective date of the Company's annual update of its Rule H charges and credits.

STAFF RECOMMENDATION

Staff has reviewed the Application and recommends that the case proceed by Modified Procedure with a comment deadline of February 2, 2012.

COMMISSION DECISION

Does the Commission find that the public interest may not require a hearing to consider the issues presented, and that this proceeding may be processed under Modified Procedure with a comment deadline of February 2, 2012?



Kristine A. Sasser
Deputy Attorney General

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